

## Message Text

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ACTION EUR-12

INFO OCT-01 IO-13 ISO-00 EB-07 STR-04 STRE-00 AGRE-00  
CEA-01 CIAE-00 COME-00 DODE-00 FRB-01 H-02 INR-07  
INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-02 EPG-02  
AID-05 SS-15 ITC-01 TRSE-00 USIA-15 PRS-01 SP-02  
OMB-01 FEA-01 XMB-04 OPIC-06 OIC-02 AF-10 ARA-10  
EA-09 NEA-10 /161 W

-----030159Z 096089 /70

R 021214Z MAY 77

FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC 3667

INFO AMEMBASSY PARIS

USMISSION GENEVA

UNCLAS EC BRUSSELS 04373

STATE FOR EUR/RPE; DEPARTMENT PASS STR

GENEVA FOR US DEL MTN

E.O. 11652:N/A

TAGSCGATT MTN EEC FR

SUBJECT: SPECIAL ISSUE ON US OF " LE CONSEILLER DU COMMERCE

EXTERIEUR"

REF: PARIS 12521

1.BELIEVE ALL QUESTIONS SHOULD BE ANSWERED FROM  
WASHINGTON.BASED ON OUR EADING ATTITUDES IN FRANCE AND OTHER  
EC MEMBER COUNTRIES,WE DO,HOWEVER,OFFER SUGGESTIONS FOR INCOR  
PORATION INTO REPLIES.

2.DEMANDS OF VARIOUS GROUPS IN US FOR PROTECTON  
AGAINST IMPORTS HAVE BEEN GIVEN WIDE PUBLICITY IN EUROPEAN MEDIA.  
ACTIONS AND STATEMENTS BY CARTER ADMINISTRATION TO PRESERVE LIBERAL  
TRADING SYSTEM AND APPROVING COMMENTS BY EC COMMISSION HAVE BEEN  
NOTED BUT NOT PLAYED UP AS MUCH AS PROTECTIONIST  
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THREATS.A PRINCIPAL THEME IN OUR RESPONSE  
TO MAGAZINE'S QUESTIONS,STATED EARLY AND  
FORCEFULLY AND SUBSEQUENTLY ILLUSTRATED WITH SPECIFIC  
EXAMPLES,SHOULD BE ADMINISTRATION 'S DETERMINATION  
TO KEEP TRADE CHANNELS OPEN.

3.THERE IS TENDENCY IN EUROPE TO THINK IN BILATERAL

TERMS.ATTENTION IS FOCUED ON EC-US,EC-JAPAN,  
FRACO-US,ETC.TRADE BALANCES,EACH OF WHICH  
CURRENTLY SHOWING DEFICITS ON THE EC OR FRENCH SIDE.  
DEFICIT VIS-A-VIS OPEC IS WELL RECOGNIZED BUT NOT  
MUCH DISCUSSED,SINCE MOST EUROPEAN COUNTRIES SEE  
LITTLE POSSIBOLITY OF CHANGING THIS SOON.TWO  
ASPECTS OF US POLICY ARE PERTINENT TO PROBLEM.WE  
HAVE SAID THAT SO LONG AS HEAVY DEPENDENCE ON  
OPEC OIL CONTINUES,WEALTHIER AND MORE PRODUCTIVE  
NON-OPEC NATIONS SHOULD RUN DEFICITS AND,INDEED,US  
HAS BEEN DOING SO.SECONDLY,WEAKER NON-OPEC  
NATIONS MUST CLAMP DOWN ON INFLATION TO BECOME MORE  
INTERNATIONALLY COMPETITIVE AND THUS ABLE TO TAKE  
ADVANTAGE OF OPPORTUNITIES TO EXPORT.THIS NEED NOT  
BE DONE AT EXPENSE OF EMPLOYMENT -- INDEED TO TRY  
TO DO SO WOULD BE BOTH INEFFECTIVE AND SELF-DEFEATING.  
(WHILE FRENCH AND OTHER EUROPEAN BUSINESSMEN ACCEPT  
THIS SECOND POINT,RECENT PERFORMANCE IN FRANCE AND  
SOME OTHER EUROPEAN COUNTRIES IN TRYING TO SQUARE  
THE INFLATION-UNEMPLOYMENT CIRCLE HAS BEEN  
DISCOURAGING.THIS MAKES IT ALL THE MORE IMPORTANT  
TO DEMONSTRATE THAT US NOT BARRING IMPORTS ON  
NON-COMMERCIAL GROUNDS, AS OFTEN CHARGED WITH RESPECT  
TO POTENTIAL EUROPEAN AIRCRAFT SALES,IN CONCORDE  
LANDING RIGHTS CASE,ETC.)BEYOND STRESSING THESE  
POINTS,WE CAN REPEAT TRADITIONAL EMPASIS ON LOOKING  
MORE TO GLOBAL BALANCES AF THINKING MORE IN MULTI-  
LATERAL CONTEXTS THAN BILATERAL BALANCING WHICH  
SERVES AS PRETEXT FOR RESTRICTIVE ACTIONS.  
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4. EXCEPT FOR OCCASIONAL REPETITION OF US PRESS STORIES  
BEMOANING INADEQUACY OF ADJUSTMENT ASSISTANCE,VERY  
LITTLE ATTENTION HAS BEEN GIVEN BY EUROPEAN MEDIA  
TO PRINCIPLE AND TECHNIQUES OF THIS METHOD OF  
AVOIDING BEGGAR-THY-NEIGHBOR ACTIONS.IT WOULD BE  
USEFUL TO DESCRIBE US ADJUSTMENT ASSISTANCE  
EFFORTS AND ESPECIALLY WHAT IS UNDER WAY FOLLOWING  
PRESIDENT CARTER'S DECISION ON SHOES.

5.WITH RESPECT TO EASTERN EUROPEAN TRADE,WASHINGTON  
OFFICES BEST PLACED TO ADDRESS QUESTIONS OF INDEBTEDNESS,EXIM BANK  
CREDITS,AND MF,SUGGEST,HOWEVER,  
OUR REPLIES GIVE SOME ATTENTION TO OVERALL CONTEXT  
OF EAST-WEST TRADE RELATIONS.WESTERN BUSINESSMAN  
SHOULD RECOGNIZE OWN INTEREST IN AVOIDING BEING  
SUCKED INTO REIGID EAST EUROPEAN PRODUCTION AND TRADE  
ARRANGEMENTS.INDEED,SEVERAL DEALS CONCLUDED IN RECENT  
MONTHS HAVE PROVIDED WESTERN INVESTORS GREATER SAY

IN PRODUCTION QUALITY CONTROL AND MARKETING OF END  
PRODUCTS.WESTERN SYSTEM BASED ON PROFITABILITY AND  
FLEXIBILITY.EAST-WEST TRADE SHOULD GROW IN WAYS  
WHICH INCORPORATE INCREASING RESPECT FOR THESE  
PRINCIPLES.

6.REGARDING QUESTION(B)REFTEL,WE HAVE BEEN  
POINTING TO PRESIDENT CARTER'S STATEMENT PUBLISHEDI IN EC  
WASHINGTON OFFICE MAGAZINE JUST BEFORE LAST  
FALL'S US ELECTION THAT AMERICANS QTE SHSHOULD DEAL  
WITH BRUSSELS ON ECONOMIC ISSUES TO EXTENT  
EUROPEANS THEMSELVES MAKE BRUSSELS FOCUS OF THEIR  
DECISIONS UNQTE.THIS LINE HAS GONE DOWN WELK  
WITH EUROPEAN AUDIENCES.  
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## Message Attributes

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**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** FOREIGN RELATIONS, ECONOMIC COOPERATION, POLICIES, PRESS COMMENTS, INFORMATION CONTROL, PUBLIC ATTITUDES  
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**Executive Order:** N/A  
**Errors:** N/A  
**Expiration:**  
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**TAGS:** ETRD, FR, US, EEC, GATT  
**To:** STATE  
**Type:** TE  
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**Review Markings:**  
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